

**Submission
No 15**

SUPPORT FOR START-UPS IN REGIONAL NEW SOUTH WALES

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UNIVERSITY
OF WOLLONGONG
AUSTRALIA

UOW submission to the Inquiry into support for start-ups in regional NSW

LEGISLATIVE ASSEMBLY

**COMMITTEE ON INVESTMENT, INDUSTRY AND REGIONAL
DEVELOPMENT**

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INTRODUCTION

The University of Wollongong (UOW) welcomes this opportunity to provide input into the Legislative Assembly's Inquiry into the 'Support for start-ups in regional NSW'.

Start-up companies play an important role in local, regional, state and national economies. They encourage innovation, provide opportunity to commercialise research, generate new cash flow, and new employment opportunities. Support is required for start-up companies to help them overcome the numerous obstacles they face.

UOW acknowledges the significant value of start-up companies and has a number of activities which provide practical support and knowledge to help them grow, a significant one of which is iAccelerate.

iAccelerate is an incubator for new business start-ups which was launched by UOW in 2011. It supports students, staff and the greater Illawarra community by offering practical and engaging programs to help build businesses fast with a focus on mentorship, entrepreneurship workshops and seed funding. The iAccelerate Centre is a dedicated centre which opened in July 2016. Since this time it has provided support to numerous start-up companies.

The University also continues to strive to identify the emerging issues impacting the local, state, national and international economy, and to utilise its significant capital and physical resources to help address these issues to provide solutions to these, as well as to continually strive to be innovative and support the growth of an entrepreneurial environment in the Illawarra, South Coast and broader NSW regions.

The provision of effective government policy and programs provide opportunity to support start-up companies in regional NSW is vital in order to address the barriers to entry facing these organisations, and to help foster innovation and industry collaboration within the state.

This Submission outlines UOW's position in response to the Terms of Reference of the enquiry, including areas of perceived weaknesses in current NSW Government policy and programs for start-up companies in regional NSW, and opportunities for Government to enhance the provision of policies and programs to better meet the specific needs of regional start-ups.

ABOUT THE UNIVERSITY OF WOLLONGONG

UOW is a research intensive university that has built a strong international reputation for world-class research and exceptional teaching quality, and is ranked amongst the top 2% of Universities worldwide. In 2016 UOW had over 33,900 total student enrolments across its global campus network and more than 2,400 staff (FTE¹).

¹ Full time equivalent



The University offers more than 400 undergraduate/postgraduate courses and research degrees across a wide range of disciplines through the five broad faculties of:

- Business
- Engineering and Information Sciences
- Law, Humanities and the Arts
- Science, Medicine and Health
- Social Sciences

Since gaining independence from UNSW in 1975, UOW has undergone massive expansion growing from around 12,700 student enrolments in 1998 to 33,900 in 2016 (onshore and offshore combined), which represents around 8.4% average annual growth over this period. UOW is now an international multi-campus university, with three Sydney campuses (at Loftus, Liverpool and Sydney CBD), Wollongong, Shoalhaven, Batemans Bay, Bega, and the Southern Highlands. The University also has campuses in Hong Kong and Dubai.

Our most recent facility is the new South West Sydney Campus in the Liverpool City Centre. This campus started operations in February 2017, to better service the rapidly expanding population of South West Sydney and growing demand for higher education in the region.

UOW has developed the Innovation Campus in Wollongong (with assistance from the NSW Government) which is an education, research and related business precinct. This state of the art facility provides strong linkages between business and research, and complements the University's leading research and innovation institutes, which include:

- iAccelerate (an accelerator and incubator for new business start-ups)
- Sustainable Buildings Research Centre (which focuses on retrofit technologies)
- Australian Institute for Innovative Materials (a key national laboratory for medical and energy materials)
- Illawarra Health and Medical Research Institute (a joint venture with the Illawarra Shoalhaven Local Health District)
- SMART Infrastructure Facility (a key national laboratory for research on infrastructure)
- Early Start (focusing on early childhood development)

A recent economic impact assessment, estimated the total value-add contribution of UOW to Australia's Gross Domestic Product in 2015 was \$1.2 billion, with \$815 million in value add to the local Illawarra economy, as summarised in Table 1 below. The total direct, indirect and induced job creation for the Illawarra region is 7,195 FTE, which increases to 7,794 FTE across NSW.

UOW also generated \$557.9 million in research and innovation income between 2006 and 2015, and has incubated over 65 start-up businesses through its iAccelerate facility since 2012.



Table 1: UOW total economic contribution (2015)

	Illawarra	NSW	Australia
Gross Output	\$1,393M	\$1,545M	\$2,161M
Value Added	\$815M	\$886M	\$1,210M
Jobs (FTE)	7,195	7,794	10,169

UOW Support for Start-ups in Regional NSW

IACCELERATE

UOW is deeply embedded in the Illawarra community and is committed to helping grow an innovative region, transitioning the Illawarra from conventional manufacturing to more advanced technology and creating a high-tech industry cluster.

UOW's iAccelerate Centre supports students, staff and the greater Illawarra community by providing practical and engaging programs to help build businesses fast with a focus on mentorship, entrepreneurship workshops and seed funding.

iAccelerate currently houses 50 start-ups, over 80 since its inception in 2011. Many of the start-ups are in non-traditional areas but focussing on hugely important solution developments in the areas of transport, health, environment, education and, more recently, social entrepreneurs.

iAccelerate supports a breadth of businesses, 36% of which currently have female founders, well above the average start-up range of 10-20%.

In addition, UOW has created a new pathway for researchers to commercialise their ideas and for students to gain experience and full time jobs in a region that has seen declines in jobs for young people a flow of talent to urban centres.

iAccelerate provides the following:

- A physical centre with offices and shares spaces for over 200 entrepreneurs
- An intense entrepreneurship skills building program
- A SEED fund to assist start-ups on their initial journey
- Extensive networking opportunities
- Exposure to government programs
- Facilitation of interactions with local, national and international investors and potential customers.

iAccelerate has surveyed the South Coast, Far South Coast and Southern Highlands regions of NSW in search of business hubs that show opportunity to be enhanced through iAccelerate programs to benefit local businesses throughout the region. In order to extend its presence across these regions, iAccelerate has sought funding for a regional hubs initiative through the Federal Government's



Regional Incubator Program, with matching funds from NSW. The initial funding application for this project was unsuccessful, with funding awarded to an Urban based incubator provider.

The iAccelerate Regional Hubs Initiative would involve the leveraging of iAccelerate's existing programming, network and access to funding to further support these regional areas to be growth and investment ready. Dependent on the uptake of this initiative and the level of government support provided, this could help generate a significant number of new jobs in the regional South Coast over coming years.

iAccelerate is also looking to create a network of mentors and angel investors who can further bolster its own capabilities across the region.

ADVANTAGE SME

Small and medium enterprise's (SME's) in Australia have a poor level of collaboration with universities.

Barriers to effective collaboration of SME's and universities include resource constraints of SME's, geographic dispersion, range of different industries and low tech industries and, fragmentation and instability of government programs that support innovation.

A recent NSW Government initiative currently being driven by UOW is Advantage SME. Advantage SME is now a three year project funded by the NSW Department of Industry to encourage greater interaction between regional SMEs and UOW. It focuses on the regionally significant sectors of advanced manufacturing, knowledge intensive industries in ICT, shared and financial services, engineering technologies and defence.

Under the Program, the University is:

- Providing a one-stop service for regional SMEs to access resources at the University including students and researchers across many different disciplines, labs services such as the Australian National Fabrication Facility Materials Node and the innovation centre at iAccelerate.
- Providing a program of industry events, workshops, development, training sessions with TAFE Illawarra, contract research and consulting services for SMEs in the target industry sectors
- Allowing SMEs to engage with the University to develop new technologies, innovative products and services, improve business capabilities and engage in regional industry collaboration
- Providing opportunities to develop new collaborations and business opportunities by engaging with regional stakeholders in local industry and all levels of government

UOW is supporting SMEs to understand and participate in existing local, national and international collaboration engagements and work to develop new opportunities for access to global supply chains.

Whilst the target audience of this project is established SME's, not start-ups, the benefits of boosting collaboration between the University and regional SME's extend to start-up companies. Industry engagement between universities and business provide many benefits to both researchers and



business, including start-ups. Researchers benefit from the commercialisation of high quality and relevant research, the production of research which provides social, economic and environmental impacts, the building of valuable networks and, the building of reputation of a high-class research institution. Businesses benefit via the development of new ideas, products and services, the reduction of research costs, the provision of expert advice and access to the latest knowledge, technology and equipment, access to skills and work-ready researchers and, access to national and international networks.

There has been significant interest in the Advantage SME program, with 394 people, mostly businesses, having subscribed to receive Advantage SME industry focused communications in the recent months. The manufacturing/engineering and profession/scientific and technical services sector are most strongly represented, making up almost half of the subscriber list.

NUW ALLIANCE

UOW also recently entered into the *NUW Alliance*, a commitment by the University of Newcastle (UON), the University of New South Wales (UNSW), and UOW, which aims to explore some of the short and long term challenges impacting NSW to generate benefits for the State and the Australian economy.

The NUW Alliance looks to provide smart solutions to the issues impacting NSW by working together. By combining the multidisciplinary research, educational and innovation clusters of these institutions, the NUW Alliance has the skills and resources to tackle some of the biggest challenges and deliver smart solutions for NSW.

The Alliance will provide opportunity to extend the capability and capacity of these institutions to effectively address a range of issues impacting the NSW economy, including health, education, and cyber security. By harnessing the benefits of this collaboration opportunity exists to pass on countless benefits to industry in regional NSW.

INQUIRY TERMS OF REFERENCE

A. The effectiveness of state government policies and programs aimed at supporting start-ups in regional areas

Current state policies and programs available to start-up companies do not recognise nor address the different needs to regional start-up companies to that of urban ones.

Regional economies have unique issues which need to be addressed in a different way to urban ones. For example, they are more geographically dispersed, have a smaller population, different industries, and typically have higher rates of unemployment, less access to new technology, reduced access to cash to invest in start-up organisations. It is important that differences are recognised and different



strategies are applied to effectively assist address the unique needs of regional start-up companies and their environments.

For example, a lot of recent attention in NSW has been provided to FinTech Australia, which supports start-ups in the Australian financial technology community, as well as other industries which are likely to find funding from other sources. Meanwhile, regional areas struggle to find the money for modest investment in start-ups with focus in areas that may have a much higher regional relevancy and escape the attention of major investors.

The current NSW Government supported initiative, Jobs for NSW, aims to strengthen the NSW economy by generating jobs and accelerating high-potential sectors of the State's economy. Among the priorities detailed within the Governments' Jobs for NSW Report² is the need to support and signal a strong culture of entrepreneurship in NSW and, to make NSW the easiest state to start and grow a business. The current framework reportedly aims to ensure that Jobs for NSW funds projects that lead to genuine new jobs and require government investment to help address barriers to growth.

Whilst the Jobs for NSW Report and associated support program demonstrates that the NSW Government's desire to assist build innovative companies and encourage entrepreneurship within the State, anecdotal advice suggests that the Programs assessment framework is not specifically targeted to support start-up companies in regional NSW. For example, there are no specific criteria for this funding, making it difficult for start-up companies and incubators to demonstrate their eligibility should they wish to apply. It is suggested therefore, that criteria should be tightened to remove ambiguity and provide clarity and certainty to interested applicants.

B. Possible new initiatives and reforms to reduce barriers and capitalise on the advantages associated with regional start-ups

The Federal Government's Incubator Support initiative provides a means of supporting start-up companies, however there is a high level of cash required to be provided up front, which is a significant barrier to entry for many start-up companies in regional areas.

It is suggested that both the State and Federal Government could improve the way it is currently assisting start-up companies in regional areas in a number of ways including:

- Programs should recognise that a lower cost is required to provide incentive for start-up companies to reduce risk and barriers to entry. As noted, this is often the biggest barrier to entry for start-up companies in regional areas.
- Reduce the scale required to be met by start-up companies in regional areas. The timelines for objectives to be met in regional areas must also be longer.
- Providing clear, easily accessible guidelines regarding the eligibility requirements for government programs should help clarify misconceptions and uncertainty from industry about this.

² Job for NSW, Jobs for the Future: Adding 1 million rewarding jobs in NSW by 2036
(http://www.jobsfornsw.com.au/data/assets/pdf_file/0020/90740/Jobs-for-the-future-full-report-August-2016.pdf)



C. Policies and programs in other jurisdictions

Suggestions have been provided above to address issues which to address current policy and programs available to support start-up companies in regional NSW by both state and federal government. Greater synergy of policy and programs of both state and federal government would be of strategic assistance.

Universities could be resourced to provide the assistance to start-ups to leverage existing programs and policy in an integrated, economical and effective way.

This includes linking with existing University initiatives and operations such as iAccelerate, the NUW Alliance, SME Advantage and the Global Challenges Program.

D. Any other related matters

As noted above, utilisation of universities and other institutions within regional areas, such as TAFE and local business hubs, could provide cost, resource and time effective way of efficiently reaching into regional areas and making a positive, collaborative approach to supporting innovation, building regional ecosystems and, more specifically, encouraging start-ups companies.

SUMMARY

The NSW Government has a vested interest in seeing successful collaboration and commercialisation of research and innovation as a vehicle to drive innovation in regional NSW.

By more effectively targeting effective policies and programs, the Government can help to support start-ups companies in regional areas and address the specific needs of their regions.

UOW strongly supports the development of robust program and policy which further support start-ups companies in regional NSW, and is eager to work collaboratively with government and industry to address barriers to entry for these start-up companies and help build the capacity for research and commercialisation across NSW.

FURTHER INFORMATION

The University would welcome further opportunity to elaborate upon, or further clarify, the matters raised within this submission, as may be required by the Committee. Please do not hesitate to contact the UOW Director, Government Relations (Mr Canio Fierravanti) on [REDACTED]

